Supreme Court, U.S.
FILED
MAY 17 2000
CLERK

(2)

No. 99-1571

IN THE

# Supreme Court of the United States

TRAFFIX DEVICES, INC.,

*Petitioner,*

*v.*

MARKETING DISPLAYS, INC.,

*Respondent.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

## BRIEF IN OPPOSITION

JOHN A. ARTZ*
JOHN S. ARTZ
ARTZ & ARTZ P.C.
*Attorneys for Respondent*
28333 Telegraph Road
Suite 250
Southfield, Michigan 48034
(248) 223-9500

* *Counsel of Record*

159831

Counsel Press LLC
(800) 274-3321 • (800) 359-6859

28pp

## COUNTERSTATEMENT OF THE QUESTION PRESENTED

I. Whether statutory recognition of trademark rights in distinctive, nonfunctional product features interferes with the public's "right to copy" the subject matter of an expired utility patent as developed by Supreme Court precedent.

## STATEMENT PURSUANT TO RULE 29.6

Respondent, Marketing Displays, Inc., has no parent corporation and no publicly held company owns 10% or more of its stock.



## TABLE OF CONTENTS


| | Page |
|---|---|
| Counterstatement of the Question Presented | i |
| Statement Pursuant to Rule 29.6 | ii |
| Table of Contents | iii |
| Table of Cited Authorities | iv |
| Statement of the Case | 1 |
| Reasons for Denying the Writ | 4 |
| Summary of the Argument | 4 |
| I. Recognizing Trade Dress Rights In Distinctive, Non-functional Product Features Does Not Conflict With The Public's Asserted "Right To Copy" An Expired Patent | 5 |
| II. There Is No True Conflict Between The Circuits As *Vornado* Does Not Stand For The *Per Se* Rule Asserted By Petitioner | 12 |
| Conclusion | 19 |

## TABLE OF CITED AUTHORITIES


*Page*

**Cases:**

*Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979) ..... 10

*Bloomer v. McQuewan*, 55 U.S. 539 (1852) ..... 10

*Bonito Boats, Inc. v. ThunderCraft Boats, Inc.*, 489 U.S. 141 (1989) ..... 5, 7, 8

*Carl Schenck, A.G. v. Norton Corp.*, 713 F.2d 782 (Fed. Cir. 1983) ..... 11

*Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989) ..... 4, 16

*Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964) ..... 3, 5, 6

*Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) ..... 13

*Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995) ..... 12

*Ferrari S.P.A. Esercizio Fabriche Automobili E. Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991) ..... 13





*Page*

*Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78 (3d Cir. 1982) ..... 13

*In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964) ..... 9

*Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982) ..... 10

*Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) ..... 5, 6

*Kransco Mfg., Inc. v. Hayes Specialties Corp.*, 77 F.3d 503 (Fed. Cir. 1996) ..... 16

*Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999) ..... 4, 7, 9, 12, 15

*Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802 (9th Cir. 1974) ..... 13

*Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985) ..... 10

*Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526 (5th Cir. 1998) ..... 12, 13, 17

*Qualtex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995) ..... 10

Page

*Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984) ..... 9

*Sarkisian v. Winn-Proof Corp.*, 697 F.2d 1313 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983) ..... 12

*Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) ..... 6, 7

*Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896) ..... 5, 6

*Sunbeam Products, Inc. v. West Bend Co.*, 123 F.3d 277 (7th Cir.), *cert. denied*, 523 U.S. 1118 (1998) ..... 4

*Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.), *cert. denied*, 119 S. Ct. 336 (1998) .....4, 9, 13, 16

*Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir. 1976) ..... 13

*Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) ..... 2

*Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996) ..... *passim*



Page

**Statutes:**

15 U.S.C. § 1125(a) .....14, 18, 19

15 U.S.C. § 1125(a)(3) ..... 5, 7

15 U.S.C. § 1127 ..... 10

35 U.S.C. § 101 ..... 10

35 U.S.C. § 103 ..... 10

35 U.S.C. § 154(a)(2) ..... 10

35 U.S.C. § 271(a) ..... 10

**United States Constitution:**

U.S. Const. art. I, § 8, cl. 8 ..... 10

**Other Authorities:**

H.R. Rep. No. 250, 106th Cong., 1st Sess. (1999) . 8

Pub. L. No. 106-43, 113 Stat. 218 .....8, 18, 19

Thomas F. Cotter, *Is This Conflict Really Necessary?; Resolving An Ostensible Conflict Between Patent Law and Federal Trademark*, 3 MARQ. INTELL. PROP. L. REV. 25 (1999) .....16, 17

*Cited Authorities*


| | Page |
|---|---|
| Ruby Ann David, Comment, *Federal Preemption of a Federal Statute: The Case of Vornado Air; Circulation Systems v. Duracraft Corporation*, 37 SANTA CLARA L. REV. 253 (1996) ..... | 17 |
| Andrea Falk, Comment, *Harmonization of the Patent Act and Federal Trade Dress Law: A Critique of Vornado Air Circulation Systems v. Duracraft Corp.*, 21 J. CORP. L. 827 (1996) ..... | 17 |
| Timothy W. Gordon, Tenth Circuit Survey, Intellectual Property, 73 DENVER U. L. REV. 829 (1996) ..... | 17 |
| David W. Opderbeck, *From and Function: Protecting Trade Dress Rights in Product Configurations*, 20 SETON HALL LEGIS. J. 1 (1996) ..... | 17 |
| Michael E. Peters, Note, *When Patent and Trademark Law Hit the Fan: Potential Effects of Vornado Air Circulation Systems, Inc. v. Duracraft Corp. on Legal Protection for Industrial Design*, 15 TEMPLE ENVTL. L. & TECH. J. 123 (1996) ..... | 17 |




## STATEMENT OF THE CASE

Petitioner's Statement of the Case omits significant facts which are believed necessary for a full understanding and proper resolution of the issues presented. Respondent offers the following as a more accurate and complete account of the facts in this case.

The parties both manufacture and sell sign stands for use in the traffic safety field. Marketing Displays, Inc. ("MDI") and TrafFix Devices, Inc. ("TrafFix"), however, entered the field through vastly different paths. Beginning in the late 1960's, MDI began manufacturing and selling *business*-type sign stands under the trademark "WindMaster." App. 69a. MDI was awarded two utility patents on various features of its *business*-type sign stands — U.S. Patent Nos. 3,646,696 and 3,662,482.[1] In the 1970's, MDI designed and introduced its "WindMaster" *traffic*-type sign stand, which was unique and distinctive. *Id.* The District Court confirmed that the configuration of MDI's traffic-type sign stand "is not literally disclosed in [MDI's] patents" nor literally claimed. App. 49a, 50a.

The unique and distinctive design of the traffic-type "WindMaster" sign stand consists of: (a) four skewed legs; (b) a relatively narrow base to which the skewed legs are attached; (c) a pair of closely spaced vertically-aligned coil springs supported on the base; (d) a vertical upright member extending from the pair of closely spaced coil springs; and (e) a diamond shaped traffic sign attached to the vertical upright member. MDI has invested significantly in the

1. MDI also obtained a federal trademark registration (No. 1,068,875) for its "WindMaster" trademark — which TrafFix concedes is incontestable. App. 7a.

promotion and protection of its "WindMaster" trademark, trade dress and products. As such, MDI's "WindMaster" sign stands "have enjoyed substantial commercial success" and "have all developed substantial goodwill and recognition in the sign stand industry." App. 69a, 70a. While the unique configuration of MDI's traffic-type "WindMaster" sign stand is unregistered, it is afforded protection under the trademark laws. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). MDI's investment in development and promotion of its sign stands has resulted in its "WindMaster" trademark, trade dress and products being afforded protection under the patent and trademark/trade dress laws.

Conversely, TrafFix entered the market by riding on the reputation created by MDI. TrafFix — which was founded by a former distributor of MDI's "WindMaster" sign stands — began manufacturing and selling traffic-type sign stands in about 1994. App. 27a. Armed with the prior knowledge of the reputation, goodwill, and commercial acceptance of MDI's "WindMaster" sign stands, TrafFix imitated the "WindMaster" configuration by sending it to Korea to be copied or "reverse engineered." App. 70a, 80a. As pointed out by the District Court, TrafFix succeeded in copying the "WindMaster" traffic-type sign stand since the parties' product configurations are "virtually identical."[2] App. 42a. TrafFix then sold its duplicate product under the infringing name "WindBuster". TrafFix' actions resulted in numerous instances of actual confusion with customers throughout the industry.

---

2. As the Sixth Circuit noted, it is TrafFix's obligation to "come up with its own design, or license one of the outstanding patents, or use the dual-spring design in a way that does not infringe MDI's trade dress." App. 21a.



TrafFix contended that it had a right to copy the sign stands alleging that they entered the public domain when MDI's patents expired. Yet, as this Court has recognized, the right to copy is not absolute, but it is limited to designs not protected by "other federal statutory protection." *Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234, 238 (1964). In this regard, at least six other competitors in the industry respected MDI's trade dress rights in its sign stand and adopted and utilized different configurations for their traffic-type sign stands. TrafFix's President admitted that all of these third-party sign stands compete with the "WindMaster" and "WindBuster" sign stands. App. 87a. In fact, many of these competitors market and promote their sign stands as being equal to, or better than, MDI's "WindMaster" sign stands. These alternative sign stand designs — which are used for both business-type and traffic-type purposes — also undisputedly present different "looks" to the public than the MDI's "WindMaster" sign stands.

In the December 29, 1999, decision, the Sixth Circuit affirmed the injunction issued by the District Court, which enjoined TrafFix from infringing MDI's "WindMaster" trademark, and affirmed the dismissal of TrafFix's antitrust counterclaim. The Sixth Circuit also vacated the District Court's dismissal of MDI's trade dress infringement claim and held that MDI was not estopped from asserting trade dress protection in a product that is the subject of an expired patent. TrafFix has only petitioned this Court to review the Sixth's Circuit's ruling on the trade dress issue.

## REASONS FOR DENYING THE WRIT

### Summary of the Argument

This Court should deny certiorari as the law is harmonized on the issue presented for review and this Court's intervention is not required to achieve national uniformity.

First, the same issue has come to the Court on at least five occasions in recent years and in each case the Court has declined to grant certiorari. *See Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.), *cert. denied*, 119 S. Ct. 336 (1998); *Sunbeam Products, Inc. v. West Bend Co.*, 123 F.3d 277 (7th Cir.), *cert. denied*, 523 U.S. 1118 (1998); *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989). No new issues are raised in the Petitioner's request that requires the Court's intervention in this instance.

Second, there is no conflict with prior precedent as there is no absolute "right to copy". One is only free to copy so long as the copying does not violate other federal statutory provisions. Would anyone seriously contend that one was free to copy a copyrighted software program, which was disclosed in a patent as the "best mode" for operating a particular device, upon expiration of the patent? The answer is clearly no as each of the intellectual property rights is a discrete right founded in its own policy and exists for a different purpose. Yet, Petitioner analogously argues that one of those rights should be ignored.



Third, the "conflict" between the circuits is more perceived than real — and was resolved by Congress when it amended the Lanham Act in 1999. The *Vornado* case has not been followed by any court, but instead has been criticized, ignored or distinguished.

## I.

## RECOGNIZING TRADE DRESS RIGHTS IN DISTINCTIVE, NON-FUNCTIONAL PRODUCT FEATURES DOES NOT CONFLICT WITH THE PUBLIC'S ASSERTED "RIGHT TO COPY" AN EXPIRED PATENT

1. The Sixth Circuit decision does not conflict with this Court's precedent regarding the so-called "right to copy" the subject matter of an expired patent. Petitioner's reliance on *Singer*, *Kellogg* and *Bonito Boats* for the proposition that after expiration of a patent, the subject matter of the patent passes to the free use of the public, is misplaced for several reasons. The right to copy is not absolute; rather, the right must yield to "other federal statutory protection." *Compco*, 376 U.S. at 238. To the extent *Singer* and *Kellogg* can be interpreted to suggest that trade dress rights cannot be obtained in product features that had been disclosed in a patent, more recent cases of this Court clearly indicate otherwise. *Bonito Boats, Inc. v. ThunderCraft Boats, Inc.*, 489 U.S. 141, 165-66 (1989). Moreover, Congress has explicitly resolved the apparent conflict between the patent and trademark laws by declaring that the functionality doctrine is determinative, and harmonizes the trademark law's concern about consumer confusion and the patent law's implicit antimonopoly mandate. 15 U.S.C. § 1125(a)(3). Petitioner's reliance on the Court's precedent is also

misplaced since none of the Court's opinions confronted the federal patent law vis-à-vis the federal trademark law. Finally, nothing in the Sixth Circuit decision prevents the public from copying the subject matter of the expired MDI patents. MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patent, but only the distinctive, nonfunctional aspects of its commercial traffic-type sign stand. Even under Petitioner's argument, MDI's WindMaster traffic-type sign stand is merely one embodiment, of many, which falls within the scope of the patent claims. Thus, the public is not being deprived of the "right to copy", except to the extent it must respect other statutory rights.

2. The right to copy is not absolute. *Compco*, 376 U.S. at 238. Even before the recognition of, and later codification of, protectable trade dress rights in product configurations, this Court consistently recognized that the right to copy may be limited by competing interests and, in particular, the protections against unfair competition. Specifically, in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 202-04 (1896), even though the term "Singer" was held to be generic, the Court required that the defendant include "a plain and unequivocal indication of the origin of manufacture" on its sewing machines to prevent consumer confusion as to source. Similarly, the Court in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 117-18, 120 (1938), concluded that, although "the name 'Shredded Wheat', as well as the product, the process and the machinery employed in making the product, had been dedicated to the public", Kellogg nevertheless had an obligation "to identify its product lest it be mistaken for that of the plaintiff." Likewise, in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964), Justice Black conceded that a State "may, in appropriate circumstances, require that



goods . . . be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source." Thus, the right to copy the subject matter of an expired patent has always yielded to the equally compelling policies underlying the unfair competition laws.

Many years later, as trade dress rights in product configurations became well-accepted, the "Court cited the Lanham Act as an indication that Congress regards protections against unfair competition as consistent with patent principles, [adding] that 'application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.' " *Midwest Indus.*, 175 F.3d at 1363-64 (*citing Bonito Boats, Inc.* U.S. at 166 (1989)). Thus, the Court has never acknowledged that the public's so-called "right to copy" is unfettered. To the contrary, the Court has consistently affirmed that the laws governing unfair competition and patents are distinct, deserving of equal recognition, and capable of harmonious coexistence.

In all of these cases, however, the Court resolved asserted conflicts between federal patent law and *state* unfair competition law by finding that the state laws were preempted. Today, the Federal Lanham Act expressly acknowledges trade dress rights for nonfunctional aspects of a product configuration. 15 U.S.C. § 1125(a)(3). As evidenced by the legislative history, the *functionality doctrine* governs whether a product configuration is entitled to trade dress protection:

> Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress

infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden of proving that the trade dress is not functional. A functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition. If a mark is registered, there is a presumption that it is not functional. However, for plaintiffs of unregistered mark to be given the same presumption would not promote fair competition or registration. *For example, the owner of a patent that is about to expire may try to register it as a trademark, which receives protection as long as the owner uses it in commerce. This amendment seeks to ensure that marks that are functional are not registered. Functional marks should be dealt with under the patent law. Therefore, it should be incumbent on the plaintiff suing for infringement of an unregistered mark to prove that the mark is not functional.*

H.R. Rep. No. 250, 106th Cong., 1st Sess. (1999) (discussing the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, which amends Section 43(a) of the Trademark Act of 1946).

In other words, the Court's assumption in *Bonito Boats* that Congress regards protection against unfair competition as consistent with patent principles has been made explicit. It follows that Petitioner's asserted "conflict" is without need of resolution, since courts have a duty to regard each of two apparently conflicting federal statutes as " 'capable of coexistence . . . absent a clearly expressed congressional



intention to the contrary.' " *Thomas & Betts*, 138 F.3d at 302 (*quoting Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1018 (1984)). With the recent passage of amendments to the 1946 Trademark Act, the intent of Congress is clear — the *functionality* doctrine is determinative of whether a product configuration is entitled to trade dress protection — not whether the asserted trade dress has been disclosed or claimed in a utility patent.

3. The legislative intent is consistent with recent district and appellate court decisions, including the Sixth Circuit decision at issue here, which have uniformly held that the recognition of trade dress rights in distinctive, nonfunctional product features under the federal trademark laws does not conflict with either patent law or its underlying policy. *See, Midwest Indus.*, 175 F.3d at 1364. The policies underlying the patent and trademark laws are distinct, the rights afforded by both are different, and the recognition of either does not raise a conflict between the two.

4. The apparent conflict between patent and trademark law is often raised, as in the present case, by asserting that patent owners will use trademark law to improperly extend their "monopoly". The modern trend clearly recognizes that "trademark rights, or rights under the law of unfair competition, 'do not "extend" the patent monopoly.' Rather, '[t]hey exist independently of it, under different law and for different reasons.' " *Midwest Indus.* 175 F.3d at 1362 (*citing In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)).

Several policies are served by recognizing exclusive rights in trademarks. The Lanham Act serves to: (1) foster competition by "protect[ing] the ability of consumers to

distinguish among competing producers." *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985); (2) avoid confusion among consumers as to the source or origin of goods and services. 15 U.S.C. § 1127; (3) encourage "the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly*, 469 U.S. at 198; and (4) maintain healthy competition by "protect[ing] persons engaged in [federally regulated] commerce against unfair competition." 15 U.S.C. § 1127.

An important limitation on the enforceability of trademark rights in trade dress is the functionality doctrine. A product feature is functional if it is " 'essential to the use or purpose of the article, or if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualtex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (*quoting Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).

The patent laws, on the other hand, seek to promote the "progress of Science and useful Arts" by providing incentives for innovation and disclosure of new inventions. U.S. Const. art. I, § 8, cl. 8; *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). A patent does not grant its owner the right to make or market a product. "The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent." *Bloomer v. McQuewan*, 55 U.S. 539, 548 (1852). In order to be awarded a patent, the invention must pass the rigorous tests of being new, useful, and nonobvious. 35 U.S.C. §§ 101, 103. Thus, in exchange for adding to the public store of knowledge, inventors are rewarded a limited period of exclusivity. 35 U.S.C. §§ 154(a)(2), 271(a).



Neither patents, nor trademarks, however, can be equated with monopolies in the economic sense. A monopoly exists when a firm in a defined market is able to control price and output for a specific product or service. "The patent right is but the right to exclude others, the very definition of 'property'. . . . It is but an obfuscation to refer to a patent as 'the patent monopoly' or to describe a patent as an 'exception to the general rule against monopolies.' " *Carl Schenck, A.G. v. Norton Corp.*, 713 F.2d 782, 786 n.3 (Fed. Cir. 1983). Indeed, for most patented inventions, there exist a range of substitutes which prevent the patent owner from exerting exclusive power to control prices or output in any market. In this case, there are at least six competitors to MDI's WindMaster sign stands. Since competitors do not need access to MDI's asserted distinctive features to compete, recognizing MDI's trade dress rights will not confer any monopoly power. To the contrary, assuming the validity of the product identity theory on which trademark law is based, granting MDI exclusive rights in its asserted trade dress will instead benefit consumers.

5. Finally, the Sixth Circuit decision does not improperly extend MDI's patent rights or interfere with the public's right to copy, because MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patent. Instead, even under Petitioner's argument, MDI's "WindMaster" sign stand is merely one embodiment, of many, which falls within the scope of its expired patent claims. The patent claims basically covered a geometric configuration of a sign stand in which the center of gravity of the sign when flexed remained within the "footprint" created by the legs. This geometric configuration prevented the sign stand from tipping and moving in windy conditions. The mathematical formula embodied in the

patents covered all untippable sign stands which had the same center of gravity and foot print relationship regardless of how they looked or were designed. The Ninth Circuit Court of Appeals found the MDI invention to be "unusual and surprising". *Sarkisian v. Winn-Proof Corp.*, 697 F.2d 1313, 1321 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983). Now that the patents have expired, the public is free to practice their beneficial teachings, but they cannot choose a product configuration that is confusingly similar to the trade dress of MDI's WindMaster products. *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1580 (Fed. Cir. 1995).

## II.

## THERE IS NO TRUE CONFLICT BETWEEN THE CIRCUITS AS *VORNADO* DOES NOT STAND FOR THE *PER SE* RULE ASSERTED BY PETITIONER

1. The Tenth Circuit decision in *Vorando Air Circulation, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995) is more of an exception than a conflict with the Sixth Circuit decision or decisions from other Courts of Appeals. As stated by the Federal Circuit:

> Other courts of appeals, both before and after *Bonito Boats*, have followed the lead of the Court of Customs and Patent Appeals in holding that a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is or has been, the subject of a patent.

*Midwest Industries*, 175 F.3d at 1364. The Federal Circuit supported its statement with the following case citations: *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 548, 549



n.16 (5th Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287-89 (7th Cir. 1998); *Ferrari S.P.A. Esercizio Fabriche Automobili E. Corse v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81 (3d Cir. 1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214-15 (8th Cir. 1976); and *Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 806-07 (9th Cir. 1974).[3] Contrary to the Petitioner's contention, there is no case — not even *Vornado* — that absolutely bars any trade dress protection for subject matter disclosed or covered by an existing or expired utility patent. In fact, the circuits are actually quite uniform in refusing to apply a *per se* rule against trade dress protection in any subject matter disclosed or claimed in a utility patent.

While the Sixth Circuit stated that "a circuit split exists as to whether a utility patent disclosure forecloses trade dress protection," *Vornado*, upon examination, was not intended to be read that broadly. The following passage in *Vornado* is relied upon to support the purported exclusionary rule that creates the perceived circuit split:

> We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention . . . so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.

*Vornado*, 58 F.3d at 1510.

3. Many of the cases cite additional decisions not set forth herein that also support the Federal Circuit's statement.

The *Vornado* court was unwilling to conclude that all product features disclosed in a patent are *per se* beyond the scope of trademark protection. Nevertheless, without defining what is meant by "significant inventive aspect," the court concluded Vornado's asserted trade dress was such a component and, therefore, unprotectable under the Lanham Act. *Id.*

2. The *Vornado* case does not create a conflict with the Sixth Circuit's decision, as it is factually distinguishable. In *Vornado*, Vornado was asserting trade dress rights in the product configuration of a spiral fan grill. Vornado had received a utility patent that claimed a fan having multiple features including the spiral grill. *Id.* at 1500. Vornado admitted that the fan grill itself was already in the public domain as prior art. *Id.*

Duracraft subsequently began selling a fan with a spiral grill in competition with Vornado. Apart from the grill, the Tenth Circuit found that Duracraft's fan "differed significantly from Vornado's fans in its overall configuration." *Id.* at 1501. Thus, the only similar feature was the spiral grill. Vornado sued Duracraft under section 43(a) and asserted that Duracraft was infringing Vornado's protectable trade dress in its grill design. The parties agreed that Duracraft's fan grill design did not infringe Vornado's utility patent. *Id.* The District Court found that while Vornado's grill was functional in a lay sense, its grill design was not legally functional and held that "trade dress protection of nonfunctional product configurations under the Lanham Act was not incompatible with patent law." *Id.* at 1501-02. Duracraft appealed and the Tenth Circuit reversed.



In holding that trade dress protection is not applicable to product configurations that are claimed in and are a "significant inventive aspect of the invention," the Tenth Circuit essentially held that the spiral grill design — which was the totality of Vornado's claimed trade dress — was coextensive with the claim of its utility patent. Even if this rationale were adopted by the Sixth Circuit, it would not compel a different outcome. In fact, as found by the District Court, MDI's trade dress was not disclosed nor literally claimed in its patents. App. 49a. Thus, its trade dress is not coextensive with its expired patents and therefore not a "significant inventive aspect of the invention." Moreover, unlike *Vornado*, there is significant evidence in the present case that competitors could and were practicing the invention claimed in MDI's patents, but were not infringing MDI's trade dress.

3. Legally, the *Vornado* case does not create a conflict with the decisions of other Circuits. As the Federal Circuit noted, "[t]he Tenth Circuit stands alone in holding to the contrary, ruling that trade dress protection is unavailable for a product configuration that is claimed in a patent and is a 'described, significant inventive aspect' of the patented invention, even if the configuration is nonfunctional," *Midwest Industries*, 175 F.3d at 1364. Despite this language and the Sixth Circuit decision stating that a circuit conflict exists, the holding is quite narrow. This is clear from both the language of the *Vornado* case itself as well as other courts' interpretation of *Vornado*.

First, the Tenth Circuit itself clearly did not intend to create an absolute bar. Initially, it agreed with the District Court that product "configurations can simultaneously be patentably useful, novel, and nonobvious and also

nonfunctional, in trade dress parlance." *Vornado*, 58 F.3d at 1506. Further, the Tenth Circuit specifically declined to decide "whether every useful or potentially patentable product configuration is excluded from trade dress protection." *Id.* at 1503. Thus, the Court's holding is narrowly drawn to exclude from trade dress protection only those product configurations that are "part of a claim in a utility patent" and specifically those features that are "a described, significant inventive aspect of the invention." *Id.* at 1510.

In interpreting *Vornado*, the Seventh Circuit stated that "the court did not refuse trademark protection on the basis that there is a blanket prohibition against a feature of an invention disclosed in a patent becoming a trademark." *Thomas & Betts*, 138 F.3d at 288. In fact, the *Thomas & Betts* Court stated that it had not found "any case which holds that any feature of a product somehow disclosed in a patent application cannot receive trademark protection." *Id.* Thus, the Seventh Circuit concluded that there is no circuit split. Similarly, the District Court in this case acknowledged "that trade dress rights can be asserted after a patent has expired," but incorrectly held as a matter of law that this was not such a case. App. 67a. Moreover, other Courts and commentators have criticized *Vornado*.[4] For example, the Eighth Circuit has stated:

4. *See Kransco Mfg., Inc. v. Hayes Specialties Corp.*, 77 F.3d 503, (Fed. Cir. 1996) (finding that "sinuous seam" disclosed in patent diagram could serve as trademark, because it had no functional advantage and was only one of many possible embodiments of claimed invention); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516-17 (9th Cir. 1989) (affirming judgment that product configuration disclosed in expired utility patent was nonfunctional, and therefore potentially subject to trademark protection); Thomas

(Cont'd)



> The decision [in *Vornado*] has been criticized for its narrow definition of functionality which does not take into account the utilitarian definition used by this court. See 1 MCCARTHY ON TRADEMARKS, supra, § 7:68, at 7-134 to 7-136. Therefore, if Vornado had applied this court's traditional trade-dress analysis, any conflict between the patent and trademark laws would have likely been avoided.

*Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 548 n.16 (Fed. Cir. 1998). Thus, any circuit conflict is perceived and not a real conflict justifying the granting of certiorari in this case.

4. To the extent a real conflict existed, it has been resolved by Congress. In *Vornado*, the Court was unable to determine whether Congress intended that the Lanham Act,

(Cont'd)

F. Cotter, *Is This Conflict Really Necessary?; Resolving An Ostensible Conflict Between Patent Law and Federal Trademark*, 3 MARQ. INTELL. PROP. L. REV. 25 (1999); Ruby Ann David, Comment, *Federal Preemption of a Federal Statute: The Case of Vornado Air; Circulation Systems v. Duracraft Corporation*, 37 SANTA CLARA L. REV. 253 (1996); Timothy W. Gordon, Tenth Circuit Survey, Intellectual Property, 73 DENVER U. L. REV. 829 (1996); David W. Opderbeck, *From and Function: Protecting Trade Dress Rights in Product Configurations*, 20 SETON HALL LEGIS. J. 1 (1996); Andrea Falk, Comment, *Harmonization of the Patent Act and Federal Trade Dress Law: A Critique of Vornado Air Circulation Systems v. Duracraft Corp.*, 21 J. CORP. L. 827 (1996); Michael E. Peters, Note, *When Patent and Trademark Law Hit the Fan: Potential Effects of Vornado Air Circulation Systems, Inc. v. Duracraft Corp. on Legal Protection for Industrial Design*, 15 TEMPLE ENVTL. L. & TECH. J. 123 (1996).

as amended in 1988, to apply to nonfunctional product configurations that were the subject of utility patents. In analyzing the wording of Section 43(a) and its legislative history, the Tenth Circuit stated that "neither the latest revision of the statute nor the wording prior to the 1988 revision makes any mention of product shapes or configurations." Based on this, the Tenth Circuit stated that:

> We cannot conclude that because at the time of the report, "certain nonfunctional configurations of goods" had received trade dress protection, Congress was saying that in the future, all such configurations should. As of 1988, when the Senate report made its observation, we are unaware of any legal precedents upholding protection for those nonfunctional configurations covered by utility patents.

*Vornado*, 58 F.3d at 1506.

Any conflict — whether perceived or real — is now moot in view of the passage of recent federal legislation. On August 5, 1999, President Clinton signed into law the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, which amends Section 43(a) of the Trademark Act of 1946 (15 U.S.C. § 1125(a)) by adding at the end of that statute the following:

> (3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.



A review of the legislative history of Pub. L. No. 106-43, 113 Stat. 218 clearly shows that Congress amended Section 43(a) to address the concerns of the trademark and patent laws when trade dress is asserted in a product configuration that is, or has been, the subject of a patent. The pertinent portion of the legislative history is set forth above. In sum, Congress stated that the functionality doctrine is determinative and resolves any perceived conflict between the patent and trademark laws. The existence of a utility patent is merely a factor that can be considered in determining this issue, it is not determinative.

5. Finally, the Supreme Court has already tacitly recognized that there is no real conflict — or at least the type of conflict worth considering — on this issue. In this regard, in each of the cases decided since *Vornado* that have petitioned this Court for a grant of certiorari, the Court has denied each petition. For the same reasons, the Court should deny the Petition in this case.

## CONCLUSION

For the foregoing reasons, the Petition for a writ of certiorari should be denied.

Respectfully submitted,

JOHN A. ARTZ*
JOHN S. ARTZ
ARTZ & ARTZ P.C.
*Attorneys for Respondent*
28333 Telegraph Road
Suite 250
Southfield, Michigan 48034
(248) 223-9500

* *Counsel of Record*